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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/630,557	08/02/2000	Keiichi Nakajima	000790/0008	9517
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STROOCK & STROOCK & LAVAN LLP			EXAMINER	
180 MAIDEN LANE			KESACK, DANIEL	
NEW YORK, NY 10038				
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

09/630,557

Applicant(s)

NAKAJIMA, KEIICHI

Examiner

Dan Kesack

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 05 June 2007.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 2,11-13 and 54-85 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 2,11-13 and 54-85 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>8/15/07</u> . | 6) <input type="checkbox"/> Other: _____ |

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DETAILED ACTION

1. Applicant's amendment filed June 5, 2007 has been entered and fully considered. Claims 2, 11-13, 54-85 are currently pending. The rejections are as stated below.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148

USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

4. Claims 54-57, 59, 68, 69, 71-74, 82, 84, and 85 rejected under 35 U.S.C. 103(a) as being unpatentable over Franklin et al., U.S. Patent No. 5,883,810, in view of Wallace, U.S. Patent No. 5,988,497.

Claims 54, 71, 84, Franklin discloses an electronic settlement system comprising a paying terminal for purchasing an item by a user, the terminal including an input unit for inputting authentication information of the user and connecting to the communication network (figure 1, #28), a billing terminal for charging the user of the paying terminal a purchase amount, the billing terminal being connected to the communication network (figure 5, #30), a database for storing authentication information of a user (figure 3, #64), a mediating server which performs the settlement of the transaction by mediating a communication between the paying terminal and the billing terminal (column 4 lines 24-35) when receiving a transaction ID information from the billing terminal (column 5 lines 4-22), the server setting an authentication method to be processed between the paying terminal and the billing terminal that have been determined to be participating in the same purchase, wherein the mediating server authenticates the user by using authentication information stored in the database (column 10 line 48 – column 11 line 31).

Franklin fails to teach the database storing a plurality of authentication methods, and the mediating server selecting at least one authentication method selected by either one of the user of the paying terminal and a clerk of the billing terminal in accordance with a content of the transaction, and processing the selected authentication method.

Wallace discloses a system and method for authenticating credit transactions wherein multiple authentication methods are stored within a database (column 5 lines 45-56, column 6 lines 34-50), and at least one authentication method is set based on a selection from either the cardholder or the service provider (abstract) and wherein the

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selection may also be based predefined conditions pertaining to the transaction details (column 4 lines 32-49). It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the teachings of Franklin to include selecting the authentication method from a plurality of authentication methods based on the details of a transaction because both Franklin and Wallace are concerned with secure transactions, and Wallace discloses that certain levels of security are necessary for certain transactions, and that it is beneficial that the level of authentication dynamically reflect the security needed, due to the cost of implementing increased security (column 2 lines 4-15).

Claims 55, 72, Franklin teaches the mediating server receives a request signal from the paying terminal, transmitting the transaction ID information to the paying terminal which sent the request signal, and when receiving the transaction ID from the billing terminal, the server mediates the communication with the billing terminal (column 8 line 43 – column 9 line 4).

Claims 56, 57, 69, 73, 82, 85, Franklin teaches a billing terminal database for storing an authentication method demanded by a clerk of the billing terminal (column 10 lines 48-60), wherein the paying terminal database further stores an authentication method demanded by the user in advance (column 6 lines 33-49), and the mediating server sets an agreeable authentication method in accordance with the authentication method stored in the paying terminal database and the authentication method stored in

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the billing terminal database (column 7 lines 6-38), and wherein the mediating server stores the authentication methods in relation to communicating with both the billing terminal, and the paying terminal, and databases included therein.

Franklin fails to teach the database storing a plurality of authentication methods, and the mediating server selecting at least one authentication method selected by either one of the user of the paying terminal and a clerk of the billing terminal in accordance with a content of the transaction, and processing the selected authentication method.

Wallace discloses a system and method for authenticating credit transactions wherein multiple authentication methods are stored within a database (column 5 lines 45-56, column 6 lines 34-50), and at least one authentication method is set based on a selection from either the cardholder or the service provider (abstract) and wherein the selection may also be based predefined conditions pertaining to the transaction details (column 4 lines 32-49). It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the teachings of Franklin to include selecting the authentication method from a plurality of authentication methods based on the details of a transaction because both Franklin and Wallace are concerned with secure transactions, and Wallace discloses that certain levels of security are necessary for certain transactions, and that it is beneficial that the level of authentication dynamically reflect the security needed, due to the cost of implementing increased security (column 2 lines 4-15).

Claims 59, 74, Franklin teaches the use of a password (column 8 lines 43-56).

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Claim 68, Franklin teaches well known encryption and authorization techniques in which keys must match in order properly authorize a transaction. It is inherent that if the authentication fails, the transaction is not carried out and the user is notified of the transaction failure.

Claim 58, Franklin and Wallace fail to teach the consolidation of data. Official Notice is taken that consolidation of functionality, storage in this case, was old and well known at the time of the invention. For example, centralization of database information was commonly performed to avoid duplication of equipment and staff. It would have been obvious to one of ordinary skill in that art at the time of the invention to modify Franklin with such a consolidation of databases for purposes of efficiency and security.

Claims 60, 70, 76, 83, it is obvious that the type of authentication would depend on the payment method chosen. For example, a debit card would require authentication such as a PIN, while a credit card would require authentication such as the card expiration date. Different credit cards such as those of Franklin and Wallace would each require a different expiration date for authentication.

Claim 67, Franklin and Wallace fail to teach selection of more accurate authentication. Official Notice is taken that such a selection is old and well known in transaction security. For example, less accurate authentication would increase risk of

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loss. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Franklin and Wallace to select more accurate authentication to reduce risk of loss through fraud.

5. Claim 2 is rejected under 35 U.S.C. 103(a) as being unpatentable over Franklin and Wallace, and further in view of Davis et al., U.S. Patent No. 6,038,549.

Franklin teaches the billing terminal connects to said mediating server via a commercial telephone line (column 1 lines 26-37), however fails to teach the paying terminal connects to the mediating terminal via radio telephone communication.

Davis discloses a messaging system controller for completing financial transactions using authentication methods between a payer terminal, a billing terminal, and a mediating terminal wherein the paying terminal connects to the mediating server via a radio telephone communication (column 1 lines 13-61). It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the teachings of Franklin and Wallace to include radio telephone communications because storing the user information on a wireless, portable device, and communicating it to the mediating server increases the convenience of such a system.

6. Claims 11-13 are rejected under 35 U.S.C. 103(a) as being unpatentable over Franklin and Wallace, in view of Takayama, U.S. Patent No. 6,332,133.

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Claims 11-13, Franklin and Wallace do not specifically disclose a purchase history. Takayama discloses a purchase history (column 71, lines 26-58). It would have been obvious to one of ordinary skill in that art at the time of the invention to modify Franklin and Wallace to include the purchase history of Takayama because this would keep parties to transactions apprised of buyers' purchasing activities.

7. Claims 61-63, 75 and 77-78 are rejected under 35 U.S.C. 103(a) as being unpatentable Franklin and Wallace, and further in view of Electronic Payment systems, hereinafter, O'Mahony.

Claims 61-62, 75, 77, Franklin and Wallace disclose the invention substantially as claimed. See the discussion of Claim 54. Franklin and Wallace do not specifically disclose specification of authentication methods based on price. O'Mahony discloses this limitation at page 63, bracketed text. It would have been obvious to one of ordinary skill in that art at the time of the invention to modify Franklin and Wallace to include such stepped authentication to most effectively require authentication for relatively higher value transactions.

Claims 63, 78, it would have been obvious to allow the authentication server/processing unit to act as an arbiter when no other entity specifies authentication, so as to provide at least a minimal level of authentication.

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8. Claims 64-66, and 79-81 are rejected under 35 U.S.C. 103(a) as being unpatentable Franklin and Wallace, and further in view of Veil et al., U.S. Patent No. 6,092,202.

Franklin and Wallace fail to teach biometric authentication.

Veil teaches a system and method for secure transactions over a network using biometric authentication stored on the paying device (abstract). It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the teachings of Franklin and Wallace to include biometric authentication because of the increased security provided by such a method, especially because Franklin and Wallace are concerned with deterring transaction fraud. It is noted that Veil is relied upon for its teaching of using multiple forms of authentication, one of which is biometric authentication. The using combined teaching of Franklin, Wallace, and Veil, it would be obvious to include biometric authentication as a level of authentication within the system of Wallace, and process the biometrics just as Wallace teaches the processing of other forms of authentication. The fact that Veil teaches the biometrics are never resident in the non-secure computing environment is irrelevant because the reference is only being relied upon for its teaching of biometric authentication.

Response to Arguments

9. Applicant's arguments with respect to claims 2, 11-13, 54-85 have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

10. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

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Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dan Kesack whose telephone number is 571-272-5882.

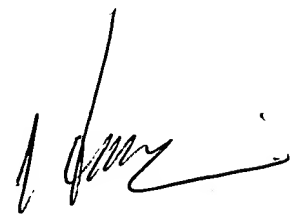
The examiner can normally be reached on M-F, 9:00am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on 571-272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Respectfully Submitted,

Daniel Kesack
Art Unit 3691
August 19, 2007



HANI M. KAZIMI
PRIMARY EXAMINER